

Sharon L. Nelson, Chairman  
 Richard D. Casad, Commissioner  
 A. J. "Bud" Pardini, Commissioner



STATE OF WASHINGTON

## WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W. • Olympia, Washington 98504-8002 • (206) 753-6423 • (SCAN) 234-6423

Ref: UT 6-6590

October 2, 1990

Dear Regulated Garbage Hauler:

Subject: Fuel Surcharcre Methodology and Implementation


The rising cost of fuel is a growing concern and affects haulers and regulators alike. The purpose of this packet is to inform regulated haulers of Commission approved procedures that will help companies cover the rising **cost** of fuel. The following pages explain how each company may **go about** receiving a fuel surcharge, and could answer some critical questions: --

- I. Is a fuel surcharge necessary for every company?
- II. What test period should be used?
- III. How is the fuel surcharge percentage calculated?
- IV. How does a company file for a fuel surcharge?
- V. What are the tariff implications?
- VI. What are the billing implications?
- VII. What are the customer notification requirements?

Please review the attached materials to determine if your company is eligible for a fuel surcharge, then use the suggestions. contained in this packet to process your filing. The use of these procedures will ensure prompt and efficient action on your filing.

Any additional concerns in reference to this letter should be directed to the attention of Tim Zawislak, Transportation Section, (206) 586-6590.

Sincerely,

  
 Paul Curl  
 Secretary

I. Is a fuel surcharge necessary for every company?

Answer: No. If the calculated fuel surcharge is less than 1 percent it will be considered immaterial and will not be recommended for approval to the Commission.

II. What test period should be used?

Answer: Please use either the calendar year 1989, or a the pro forma test year associated with a more recent rate increase. Copies of the staffs' summary pro forma statements are available upon request.

III. How is the fuelsurchargepercentagecalculated?

Answer: The fuel'surcharge percentage is'a function of the fuel price increase ratio and the fuel to revenue ratio. The Commission recommends using the attached samples and worksheets when attempting to calculate the fuel surcharge percentage.

The surcharge is a function of the following two factors (A & B):

A. The fuel price increase percentage,

$$A = \frac{C - T}{T} \quad \text{Where: } T = \text{Test Period Avg. fuel price} \\ \text{and: } C = \text{Current Avg. fuel price}$$

ie. Test Period avg. fuel price = \$1.02  
Current fuel price = \$1.26

$$A = \frac{\$1.26 - \$1.02}{\$1.02} = \frac{\$.24}{\$1.02} = \underline{\underline{23.50\%}}$$

For further explanation and detail of this calculation please see **Attachment "A"**.

A worksheet is provided to assist in this calculation. (Attached)

B. The test period fuel to revenue percentage

$$B = \frac{\text{fuel}}{\text{revenue}} \quad \text{Where: fuel} = \begin{array}{l} \text{Fuel Expense} \\ \text{from test period} \\ \text{\textbf{including}} \text{ all} \\ \text{fuel related} \\ \text{taxes.} \end{array}$$

and: revenue = Revenue from  
test period,  
**excluding** all  
Drop Box Disposal  
Fee Pass-Thru  
Income.

ie. Test Period Fuel Expense = \$50,000  
Test Period Adj. Revenue = \$500,000

$$B = \frac{\$50,000}{\$500,000} = \frac{\mathbf{1}}{\mathbf{10}} = \underline{\underline{10.00\%}}$$

For further explanation and detail of this calculation please see Attachment **"B"**.

A worksheet is provided to assist in this calculation. (Attached)

After you have calculated:

- A. The fuel increase percentage, (and)
- B. The fuel to revenue percentage

Simply multiply the two together to **arrive** at the recommended fuel surcharge percentage.

ie. A \* B = Fuel Surcharge Percentage

$$23.50\% * 10.00\% = 2.35\% = (\text{to the nearest } \mathbf{.25\%})$$

$$\underline{\underline{2.25\%}} = \text{Fuel Surcharge Percentage}$$

**IV. How does a company file for a fuel surcharge?**

Once you have documented and calculated your fuel surcharge percentage you will need to file your request for a supplemental page to your existing tariff. This process follows standard filing procedures which include the following:

- a. Letter of Transmittal.
- b. Proposed Supplemental Tariff Page. (Attached)
- c. Proposed Page 2 (check sheet).
- d. Documentation and working papers supporting your calculations.
- e. Less Than Statutory **Notice** form (if applicable) (Attached)

**V. What are the tariff implications?**

1. The supplemental page is an addition to your tariff.
2. The surcharge applies to all fuel related charges in the tariff, (Except . . .#3)
3. The surcharge must not apply to Drop Box **Pass-Through** Disposal Income.
4. The Supplemental page must include
  - a. an effective date
  - b. an expiration date
5. The surcharge will expire no later than 60 days from the effective date, at which time the company may refile.
6. The surcharge percentage should be rounded to the nearest quarter of a percent (ie. 2.25%).
7. A Less than Statutory Notice form (LSN) must accompany filings that request an effective date sooner than 30 days from issuance.



VI. What are the billing implications?

1. On the billing statement there must be a separate line item identifying the fuel surcharge amount.
2. The surcharge may **not** be retroactive; therefore it may only be charged on services performed during the period **that** the surcharge is in effect.
3. The surcharge amount should be rounded to the nearest penny.

VII. What are the customer notification requirements?

Customers must be notified with the first bill which includes the fuel surcharge amount. The wording of the notification must include the language as prescribed by the Commission.

(See Attachment "c")  
Subsequent updates to the surcharge, at 60 day intervals, must be refiled, but do **not** require renotification. In addition, the company must include a **"request** for waiver of the notice requirement" in their subsequent filing.

VIII. Other Assumptions:

1. The cost of notification will not be included in the surcharge, but may be included in the company's next rate case.
2. The surcharge will only be approved on a company by company basis.
3. The burden of proof remains with each company. Consequently, the supporting work papers justifying the surcharge filing will be verified by the staff.

**Fuel** Surcharge  
October 2, 1990  
Page 6

VII. Please contact the Washington Utilities and Transportation Commission Staff for any other questions you may have in accordance with this issue.

WUTC Staff Contacts:

Tim Zawislak	(206) <b>586-6590</b>
John Lloyd	(206) 753-2623
Cathy Anderson	(206) 586-1153

Attachments

# FUEL SURCHARGE

Calculation of Fuel Price **Increase**  
(Sample)

Company: XYZ Disposal Company, Inc.

Date: 12/25/1990

	<u>Regular</u>	<u>Unleaded</u>	<u>Super Unleaded</u>	<u>Diesel</u>	<u>Propane</u>	<u>Total</u>
<b>A=</b> Test Year Total Expense (Including Related Taxes)	<b>\$4,000</b>		<b>\$10,000</b>	<b>\$30,000</b>	<b>\$1,000</b>	<b>\$45,000</b>
<b>B=</b> Test Year Total Gallons	4,200		8,800	30,000	1,250	44,250
<b>C=</b> Avg Price/Gal for Test Period ( "A" Divided by "B" )	0.95		1.14	1.00	0.80	1.02 *
<b>D=</b> Current Price per Gallon ( Provide Invoices )	1.15		1.38	1.25	0.88	
<b>E=</b> Increase in Price per Gallon ( "D" Less "C" )	0.20		0.24	0.25	0.08	
<b>F=</b> Dollar Increase at Current ( "B" X "E" )	\$ 8 3 0	\$0	\$2,144	\$7,500	\$100	\$10,574
<b>G=</b> Avg Price/Gal at Current ( ["F" + "A"] / "B" )						\$1.256 *
<b>H=</b> Increase Percentage ( ["G" - "C"] / "C" )	W-S-	- - -	- - -			23.50% **

\* **Note:** (When calculating total average prices per gallon, use total dollars and total gallons.)

\*\* **Note:** (Use this percentage for calculating the fuel surcharge.)

**FUEL SURCHARGE**  
**Fuel to Revenue Calculation**  
**(Sample)**

**Company:** XYZ Disposal Company, Inc.

**Date:** 12 / 25 / 1990

	<u>TEST</u> <u>PERIOD</u>	
REVENUE:		
1. Residential	270,000	
2. Commercial	225,000	
3. Drop Box Pass-Thru ***	100,000	
4. other	5,000	
	-	
5. Total Revenue	600,000	
	<u>          </u>	
6. Less: D/B Pass-Thru ***	(100,000)	
	-	
7. Adjusted Revenue • ***		<u><u>\$500,000</u></u>
FUEL:		
8. Fuel	45,000	
9. oil	3,200	
10. Lubricants	1,800	
11. state fuel tax	N/A	
12. Federal fuel tax	N/A	
	<u>          </u>	
13. Fuel, Oil & Lubricants		<u><u>\$50,000</u></u>

**FUEL TO REVENUE PERCENTAGE CALCULATION**

Divide Line XI3 (Fuel, Oil & Lubricants) by  
 Line #7 (Adjusted Revenue).

Fuel, Oil & Lubricants	=	<u><u>\$50,000</u></u>	=	<u><u>10.00%</u></u> *****
Adjusted Revenue	=	<u><u>\$500,000</u></u>		

\*\*\* **Note:** (Drop Box Dii Fee Pass-Thru is the income resulting from  
 the collection of Disposal Fees from Drop Box customers.

It must be deducted because it is a non-fuel expense.)

\*\*\*\* **Note:** (Seattle area haulers must also deduct the City of Seattle Public Utility Tax.)

\*\*\*\*\* **Note:** (Use this percentage for calculating the fuel surcharge.)

ATTACHMENT "C"

REQUIRED **LANGUAGE** FOR CUSTOMER NOTIFICATION

The Washington Utilities and Transportation Commission has approved a fuel surcharge to allow garbage companies to cover the rising costs of fuel. The fuel surcharge appears on this bill. The surcharge is approved for 60 days and will reflect changes in fuel prices based on a review conducted by the Commission. The surcharge will automatically expire after 60 days. The company may then file to retain or adjust the surcharge based on the current cost of fuel. This surcharge process will be in effect until the cost of fuel has stabilized.



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., **P.O.** Box 47250 • Olympia, Washington 98504-7250  
(360) 664-1160 • TTY (360) 586-8203

April 5, 2000

Dear Solid Waste Collection Company:

Re: Fuel Surcharge **Methodology** and Implementation

The rising cost of fuel is a growing concern for both carriers and regulators. This packet tells regulated solid waste collection companies how Commission Staff recommends companies file fuel surcharges to cover the rising cost of **fuel**.

Please review the attached materials to determine if your company is eligible for a fuel surcharge, then use the suggestions **contained** in this packet to complete your filing. If you choose to file a surcharge, using these procedures will ensure prompt and efficient action.

Please address any questions to the following Commission **Staff**:

Bob Colbo	(360) 664-1247
<b>Nicki</b> Johnson	(360) 664-1246
Danny Kermode	(360) 664-1253

Sincerely,

Eugene K. Eckhardt  
Assistant Director of Transportation and Water

Attachments



**Question 1.** Will Staff recommend the Commission approve a fuel surcharge of any amount?

**Answer:** No. Staff will recommend the Commission approve fuel surcharges for companies whose "Fuel Increase as a % of Revenue" is at least **1.0%** of revenue, but deny fuel surcharges if the "Fuel Increase as a % of Revenue" is less than 1.0%. (See Attachment No. 3)

**Question 2.** How should I calculate a fuel surcharge?

**Answer:**

- Using calendar 1999 data, calculate total company revenue. Include revenue from contracts, pass-through disposal fees, gross revenue taxes, container rents, and base charges for recycle and yardwaste programs. Exclude commodity **sale** revenue and deferred commodity adjustment amounts.
- Using calendar year 1999 data, calculate how much of your total expense was spent on **fuel** and net **fuel taxes**.
- Establish a base average fuel price for January 2000.
- **Calculate** the change in fuel price **since January 2000**.
- Calculate the amount of revenue increase (decrease) needed for the increase (decrease) in fuel price.

See Attachment No. 3 for step-by-step instructions.

**Question 3.** What about fuel and fuel price tax credits, discounts, rebates, etc.?

**Answer:** All fuel and fuel price information called for above should be net of any **fuel** tax credits for compactors or power equipment, and other discounts or rebates, etc. It includes the cost of the fuel itself and the net taxes as accumulated in the fuel expense account balances in your income statement/ledgers.

**Question 4.** What justification material must I provide with my surcharge filing?

**Answer:**

- A 1999 trial balance showing itemized revenue and expense account breakdowns, including fuel and net fuel tax expense account detail, for **total** solid waste collection operations.
- A summary of calendar year 1999 fuel purchases showing gallons and dollars and extensions, by month.
- A January 2000 Fuel Purchase Recap showing all invoices for fuel purchased with gallons, price per gallon, and extensions.

- For each vendor included in the January 2000 Fuel Purchase Recap, the most recent invoice from that same vendor for the most recent purchase showing gallons, price per gallon, and extension.

**Question 5.** When would the fuel supplements become effective, and when would they expire or be updated?

**Answer:** Staff recommends that each initial surcharge supplement become effective as approved by the Commission and expire with the last day of the same month. You must update the surcharge each month to reflect the most recent **fuel** price. Subsequent surcharge supplements would become effective the first day of the following month and expire with the last day of that same month. Staff must receive update information by the 15<sup>th</sup> for the following month's surcharge, or the surcharge may expire as scheduled.

Question 6. How do I file my initial surcharge?

**Answer:** File the following:

- Tariff Supplement (See Attachment No. 1);
- LSN Application (See Attachment No. 2);
- Copy of the "Notice to Customers" and confirmation of the date the notice will be supplied to customers (See Question No. 8);
- Backup information (See Question No. 4); and
- 2000 Fuel Surcharge Calculation Sheet (See Attachment No. 3).

Question 7. How do I update my surcharge?

**Answer:** File the following:

- For each vendor included in the January 2000 Fuel Recap, the most recent purchase from that same vendor showing the most recent purchase price and gallons;
- Tariff Supplement (See Attachment No. 1);
- LSN Application (See Attachment No. 2); and
- 2000 Fuel Surcharge Calculation Sheet (See Attachment No. 3).

**Question 8.** Do I have to provide customer notice?

**Answer.** Yes. You must include the following notice in or on the first customer billing containing charges approved in your fuel surcharge supplement:



"The Washington Utilities and Transportation Commission (Commission) approved a temporary fuel surcharge that allows solid waste collection companies to recover the rising costs of fuel. That fuel surcharge appears on this bill. The surcharge is approved for 30 days and will reflect changes in fuel prices based on a review conducted by the Commission. The surcharge will automatically expire after 30 days. We may then file to retain or adjust the surcharge based on the current cost of fuel. The surcharge process will be in effect until the cost of fuel has stabilized. If you have questions, please feel free to contact us at \_\_\_\_\_(company phone number). "

Question 9. Who should I call if I have additional questions?

**Answer:** Call one of the following **staff:**

Bob Colbo	(360) 664-1247
Nicki Johnson	(360) 664-1246
Danny Kermode	(360) <b>664-1253</b>

SPECIAL FUEL SURCHARGE SUPPLEMENT NO. \_\_\_\_\_

**Cancels**

SPECIAL FUEL SURCHARGE SUPPLEMENT NO. \_\_\_\_\_

Applies on  
Carrier's Tariff No. \_\_\_\_\_

On and after the effective date of this supplement customer billings accruing from application of rates and charges in this tariff will be increased by \_\_\_\_\_% (Round to 2 decimal points.)

Issued By:

\_\_\_\_\_  
(Company name and permit number)\_\_\_\_\_  
(Issuing official's name and title)\_\_\_\_\_  
(Mailing address)\_\_\_\_\_  
(City) (State) (Zip)\_\_\_\_\_  
(Telephone)\_\_\_\_\_  
(Fax) (E-mail)

Issue Date: \_\_\_\_\_

Effective Date: \_\_\_\_\_

**FOR OFFICIAL USE ONLY**

Effective Date: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

DocketTG- \_\_\_\_\_ BY \_\_\_\_\_ Comments \_\_\_\_\_

Commission Docket No. \_\_\_\_\_

Agenda Date Assigned \_\_\_\_\_

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF APPLICATION TO WAIVE STATUTORY REQUIREMENTS by:

Petitioner's Name (as shown on certificate) \_\_\_\_\_ Certificate Number \_\_\_\_\_

d/b/a (if different than official certificate name): \_\_\_\_\_

The petitioner requests Commission approval to amend its filed Tariff Number: \_\_\_\_\_ on Less Than Statutory Notice to include a Special Fuel Surcharge Tariff Supplement to recover the rising cost of fuel. Fuel prices have increased from \$ \_\_\_\_\_ per gallon for the base period of January 2000 to \$ \_\_\_\_\_ per gallon current price.

The Petitioner proposes to add a Special Fuel Surcharge Tariff Supplement in the amount of: \_\_\_\_\_ percent (rounded to 2 decimal points).

The Petitioner requests these provisions become effective on \_\_\_\_\_, 2000.

Signature of petitioner \_\_\_\_\_ Title \_\_\_\_\_

Mailing address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone number \_\_\_\_\_ Fax number \_\_\_\_\_ E-mail \_\_\_\_\_

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION****ORDER**

The Commission having considered the foregoing application, IT IS ORDERED That:

1. The proposed changes be granted, to become effective \_\_\_\_\_, 2000.
2. The proposed changes will expire 30 calendar days following the effective date.
3. The petition may reapply to retain or amend the surcharge at the end of the **30-day** period.

Signed at Olympia, Washington, this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

\_\_\_\_\_  
(Chairman)\_\_\_\_\_  
(Commissioner)\_\_\_\_\_  
(Commissioner)

## FUEL SURCHARGE CALCULATION SHEET (Solid Waste Collection Companies)

1. Using calendar year 1999 data, calculate the **Revenue Threshold**.

1999 Total Company Revenue		_____
Multiplied by One Percent (.01)		_____
Equals <b>Revenue Threshold</b>	=	_____

2. Calculate the **Fuel Price Index**. (Use five decimal places.)

Current Price		_____
Minus January 2000 Average Price		_____
Equals Fuel Price Difference		_____
Divided By January 2000 Average Price (Line 8)	÷	_____
Equals <b>Fuel Price Index</b> (5 decimal places)	=	_____

3. Calculate amount of revenue increase needed to recover the fuel price increase.

1999 Fuel Expense (Including net taxes)		_____
Multiplied By <b>Fuel Price Index</b> (Line 11)	x	_____
Equals <b>Revenue Need</b>	=	_____

**If Line 16 is less than Line 4, Staff will recommend the Commission DENY your request for a fuel surcharge.**

4. Calculate **Surcharge Amount**

Revenue Need (Line 16)		_____
Divided 1999 Total Company Revenue (Line 2)	÷	_____
<b>Equals Surcharge Amount</b>	=	_____
Percent Rounded to 2 decimal points		<div style="border: 1px solid black; width: 60px; height: 20px; display: inline-block;"></div>

**FUEL SURCHAGE****MONTHLY IMPACT OF A 1 .0% ANNUAL REVENUE INCREASE**

M o n t h	<u>Operating Ratio</u>	
	E a c h	<u>Cumulative</u>
1	0.0833%	0.0833%
2	0.0833%	0.1667%
3	0.0833%	0.2500%
4	0.0833%	0.3333%
5	0.0833%	0.4167%
6	0.0833%	0.5000%
7	0.0833%	0.5833%
8	0.0833%	0.6667%
9	0.0833%	0.7500%
10	0.0833%	0.8333%
11	0.0833%	0.9167%
12	0.0833%	1.0000%

## We&amp;Management Companies

Line No		Northwest	SnokIng	Rainier	Spokane	Seattle	Wenatchee	E'burg	Kennewick
1	Effective Date	Jut94	Jun-96	Sep-97	Feb-97	Sep96	Apr-96	Aug-95	Apr-96
2	Test Year End	Dec-93	Dec-95	Mar-97	Sep-96	Dec-95	Sep97	Mar-95	Sep-95
3	Docket	TG-940642	TG960524	TG-971161	TG-961572	TG-960927	TG-960190	TG-950658	TG-960142
4									
5	PF Revenue	\$ 20,718,162	\$ 4,474,148	\$ 4,802,918	\$ 5,584,015	\$ 13,337,535	\$ 3,507,056	\$ 2,113,711	\$ 935,557
6	w/ Rates								
7	Expenses	19,475,187	4,194,115	4,590,768	5,092,410	13,051,891	3,325,400	1,952,761	851,341
8	Op Ratio - %	94.00%	93.74%	95.58%	91.20%	97.86%	94.82%	92.39%	91.00%
9									
10	Resl Custs	57362	17900	17324	13199	4381	9281	3966	3787
11	Comm Custs	4351	994	3305	744	12407	1252	1016	1242
12									
13	1996								
14	Regulated G								
15	Rev	\$ 21,660,838	\$ 4,541,547	\$ 4,383,916	\$ 4,552,951	\$ 12,959,037	\$ 3,645,971	\$ 2,203,680	\$ 851,495
16	Custs	71,200	19,800	16,950	13,470	7,600	11,150	5,060	N/A
17	Op Ratio	92.54%	99.43%	99.90%	96.38%	100.30%	91.32%	89.73%	124.60%
18									
19	Total Regulated								
20	Rev	\$ 26561,382	\$ 6,116,582	\$ 5,833,937	\$ 4,861,891	\$ 13,160,972	\$ 3,645,971	\$ 2,203,680	\$ 851,495
21	custs	71,200	19,600	16,950	13,470	7,600	11,150	5,060	N/A
22	Op Ratio	93.19%	100.85%	98.27%	96.82%	91.52%	91.32%	89.73%	124.80%
23									
24	Total Co								
25	Rev	\$ 38,778,408	\$ 23,781,152	\$ 12,322,701	\$ 6,357,684	\$ 14,461,968	\$ 6,756,845	\$ 2,593,297	\$ 9,531,846
26	custs	87,800	51,700	28,500	14,670	7,600	19,700	5,970	N/A
27	Op Ratio	90.08%	90.27%	95.11%	98.49%	99.53%	91.28%	88.35%	100.06%
28									
29	1997								
30	Regulated G								
31	Rev	\$ 23,307,663	\$ 5,332,711	\$ 4,779,783	\$ 4,842,525	\$ 14,371,303	\$ 3,176,917	\$ 2,605,163	\$ 906,499
32	custs	72,800	20,500	18,850	13,630	7,600	10,570	5,540	4,640
33	Op Ratio	93.32%	96.76%	97.69%	93.21%	98.41%	99.44%	90.19%	123.46%
34									
35	Total Regulated								
36	Rev	\$ 28,785,013	\$ 7,139,228	\$ 6,468,481	\$ 5,275,145	\$ 14,621,636	\$ 3,176,917	\$ 2,605,163	\$ 906,499
37	custs	72,800	20,500	18,850	13,630	7,600	10,570	5,640	4,540
38	Op Ratio	93.73%	96.94%	96.76%	94.13%	90.81%	99.44%	90.19%	123.46%
39									
40	Total Co								
41	Rev	\$ 41,900,972	\$ 26,642,755	\$ 13,951,166	\$ 7,314,103	\$ 20,157,395	\$ 7,117,837	\$ 3,046,452	\$ 9,859,218
42	Custs	83,710	51,600	31,350	15,315	7,600	21,210	6,372	17,760
43	Op Ratio	90.37%	90.10%	91.48%	93.94%	95.96%	69.04%	88.96%	101.98%
44									
45	1998								
46	Regulated G								
47	Rev	\$ 24,698,777	\$ 5,778,425	\$ 5,446,405	\$ 5,055,180	\$ 14,735,036	\$ 3,335,677	\$ 2,644,208	\$ 941,785
48	Custs	74,300	21,100	22,900	13,770	3,300	10,600	5,640	4,680
49	Op Ratio	92.73%	93.31%	95.53%	93.43%	101.72%	104.40%	89.65%	126.64%
50									
51	Total Regulated								
52	Rev	\$ 30,586,415	\$ 7,656,153	\$ 7,621,349	\$ 5,558,411	\$ 14,748,137	\$ 3,335,677	\$ 2,644,206	\$ 941,765
53	custs	74,300	21,100	22,900	13,770	3,300	10,800	5,840	4,680
54	Op Ratio	93.43%	94.16%	93.83%	93.89%	96.88%	104.40%	89.65%	126.64%
55									
56	Total Co								
57	Rev	\$ 44,801,730	\$ 27,576,842	\$ 15,520,759	\$ 7,395,963	\$ 20,275,351	\$ 7,394,116	\$ 3,069,912	\$ 10,289,034
58	custs	85,410	52,400	35,650	15,580	3,300	21,650	6,472	18,030
59	Op Ratio	90.42%	90.94%	89.54%	93.03%	96.01%	93.27%	67.90%	102.67%

## Allied/Rabanco Companies

Line No		SeaTac G-12	EastSide G-12	Kent Meridian G-60	Seattle Disp G-124
1	Effective Date	Apr-97	Jun-96	Apr-95	Sep-96
2	Test Year End	JIM-96	Jun-95	Jun-94	Mar-96
3	Docket	TG-970246	TG960510	TG-950180	TG-960921
4					
5	PF Revenue	\$ 7,800,712	\$ 5,205,482	\$ 5,696,115	\$ 27,315,627
6	w/ Rates				
7	Expenses	7,464,226	5,104,548	5,525,833	25,817,214
8	Op Ratio - %	95.69%	96.06%	97.01%	94.51%
9					
10	Resi Custs	15375	22266	27156	
11	Comm1 Custs	2224	1004	794	unknown
12					
13	1996 Annual Report				
14	Regulated G				
15	Rev	\$ 7,374,148	\$ 5,359,930	\$ 7,075,354	\$ 26,217,106
16	custs	17,177	23,430	32,701	6,913
17	op Ratio	94.67%	102.44%	66.60%	98.26%
18					
19	Total Regulated				
20	Rev	\$ 8,119,371	\$ 7,388,589	\$ 8,545,603	\$ 26,217,106
21	Custs	17,177	23,430	32,701	6,913
22	op Ratio	95.07%	93.61%	92.03%	96.26%
23					
24	Total Co				
25	Rev	17,678,513	\$ 16,947,731	\$ 11,662,440	\$ 26,217,106
26	Custs	36,241	42,494	36,901	6,913
27	Op Ratio	96.81%	96.27%	93.62%	96.26%
28					
29	1997 Annual Report				
30	Regulated G				
31	Rev	\$ 8,694,582	\$ 5,275,504	\$ 7,462,681	\$ 27,667,499
32	Custs	16,036	20,919	33,440	7,025
33	Op Ratio	93.16%	96.79%	92.29%	95.95%
34					
35	Total Regulated				
36	Rev	\$ 9,791,200	\$ 7,454,665	\$ 9,342,705	\$ 27,867,498
37	Custs	16,036	20,919	33,440	7,025
38	Op Ratio	94.72%	92.64%	94.67%	95.95%
39					
40	Total Co				
41	REV	\$ 21,863,497	\$ 19,526,962	\$ 12,966,328	\$ 27,867,498
42	custs	37,355	42,236	39,742	7,025
43	Op Ratio	95.32%	94.66%	93.97%	95.95%
44					
45	1996 Annual Report				
46	Regulated G				
47	Custs	\$ 7,793,508	\$ 5,333,097	\$ 7,854,617	\$ 31,741,352
48	Op Ratio	16,494	21,202	35,690	7,997
49		90.70%	91.10%	66.05%	97.76%
50					
51	Total Regulated				
52	Rev	\$ 8,704,405	\$ 7,461,476	\$ 9,717,723	\$ 31,741,352
53	custs	16,494	21,202	35,690	7,997
54	op Ratio	90.41%	67.62%	66.09%	97.76%
55					
56	Total Co				
57	Rev	\$ 21,150,346	\$ 19,907,419	\$ 13,533,869	\$ 31,741,352
58	Custs	36,232	42,940	42,480	7,997
59	Op Ratio	89.06%	67.93%	68.26%	97.76%
60					
61	1999 Per Docket TG-990839 Co supplied data (per books)				
62					
63	REV	\$ 9,069,470			
64	Custs				
65	Op Ratio	66.05%			
66					
67	Total Regulated				
68	Rev	\$ 9,908,423			
69	custs				
70	Op Ratio	66.65%			
71					
72	Total Co				
73	Rev				
74	custs				
75	Op Ratio				

## Fuel Surcharge Method Comparisons

Line No.	1% Threshold test	2000 <u>Allied/Waste Management Approach</u>	2000 <u>Staff Approach</u>	1990 <u>Staff Approach</u>	Workshop <u>Iteration</u>
1	Total Revenue	x	x	x	x
	less: Commodity Sales	x	x	did not exist	x
	Total Disposal Fee Expense	x			
	Pass Thru Disp Fee Revenue			x	
	Seattle Gross Revenue Tax			x	
	Line Item Taxes Not In Rates				x
	City and County Taxes	<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
2	Net Revenue	x	x	x	x
3	Prior Year Fuel Costs per G/L	x	x	x	x
4	Fuel as a Percent of Net Revenue (L 3/L 2)	x	x	x	x
5a	Average Prior Year Price per Gallon	x		x	x
5b	January, 2000 Average Price		x		
5c	Most Recent Price	x	x	x	x
6	Fuel Increase Percent (L 5c / L 5a or 5b)	x	x	x	
6a	Fuel Increase/Decrease Percent less 20 % pt. (L 6 less 20 % pts)				x
7	Fuel Expense Increase Amount-Annual Impact (L 6 or 6a x L 3)	x	x	x	x
8	Increased Fuel as a Percent of Net Revenue (L 7 / L 2)	x	x	x	
		If Revised Revenue Test Met: Proceed to Calculations Below	If 1% Tsst Met: Proceed to Calculations Below	If 1% test Met: Proceed to Calculations Below	20% Reduction Replaces 1% test
<b>Surcharge Calculation:</b>					
9	Increased Fuel Expense - Annual Impact (L 7)	x	x	x	x
10	Total Revsue (L 1)	x	x	x	x
11	less: Commodity Sales	x	x	x	
	Ctty and County Taxes	x			
	Line Item Taxes Not In Rates				x
	Seattle Gross Revenue Tax			x	
	Pass Thru Disposal Fee Revenue			x	
		<u>x</u>	<u>x</u>	<u>x</u>	<u>x</u>
12	Surcharge Net Base Revenues (L 10 - L 11)	x	x	x	x
13	Surcharge Amount - % (L 9 / L 12)	x	x	x	x



**COUSE'S SANITATION & RECYCLE, INC.**

22 SMITH DRIVE  
 Republic, Wa. 99166  
 Phone & Fax: 509-775-3557

Appendix NO. 7

6/14/00

WUTC

Fuel Surcharge

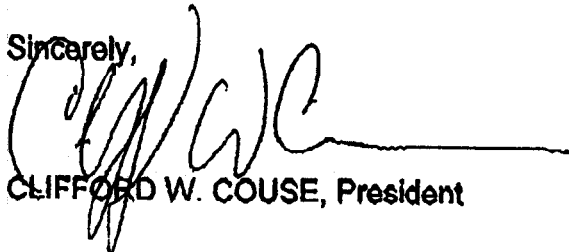
My methodology for calculating fuel costs:

- A. Current months average **price** per **gal.** (month wanting **increase** for)
- B. Subtracting the same months average price per gallon from the latest **G-certificate** increase.
- C. This **equals the fuel price increase** per gal.
- D. Total Gallons used in current month (G-Certificate activities Only)
- E. Multiply **D.** times **C.** - This will equal total increase per month.
- F. Total **G-Certificate Revenue** for **current month**.
- G. Divide F. into E. for the percent Increase for fuel surcharge using five decimal places.
- H. Round to two decimal places. This percentage will be used on all current tariff rates to **customers** to recoup the increased fuel **costs**. I am enclosing a worksheet that I have created to calculate fuel **cost** increases.
- I. This is based on WUTC requirement of a minimum of a fuel increase of 1% of revenue to allow for a fuel surcharge.

**FUEL SURCHARGE CALCULATION SHEET****1. Calculate the fuel price increase**

- |   |       |
|---|-------|
| A. _____ 2000 Average Price par Gallon<br>(current month)                       | _____ |
| B. Minus _____ 1099 Average Price per Gallon<br>(same month)                    | _____ |
| C. Equals Fuel Price Increase Per Gallon  | _____ |
| D. Total Gallons used current month G-Certificate activities only               | _____ |
| E. Multiply Total Gallons used current month times line C.                      | _____ |
| F. Total G-Certificate Revenue for current month                                | _____ |
| G. Divide F. into E. for % of Increase for fuel surcharge (five decimal places) | _____ |
| H. Round to 2 decimal places  | _____ |
| I. To qualify must be 1% or more  | _____ |

Sincerely,



CLIFFORD W. COUSE, President